

## MEMORANDUM

**TO:** Governing Board Members

**FROM:** Kenneth G. Ammon, P.E., Deputy Executive Director,  
Everglades Restoration and Capital Projects

**DATE:** July 29, 2010

**SUBJECT:** Project Partnership Agreement for the Indian River Lagoon South Phase 1 Project – Contract Number 4600002153

**Background:** Staff requests Governing Board approval to enter into a Project Partnership Agreement with the U.S. Department of the Army Corps of Engineers (USACE) for construction, operation, maintenance, repair, replacement and rehabilitation of the Indian River Lagoon South (IRLS) Phase 1 Project, a component of the Comprehensive Everglades Restoration Plan (CERP). This Agreement, coupled with the CERP Master Agreement (Contract No. 460001759), specifies the terms and conditions for implementation responsibilities and cost-share for the IRLS Phase 1 Project. The estimated construction cost is \$1,133,000,000, including the costs of acquiring lands needed for the project. The estimated annual cost of operations and maintenance for the Project, once construction of all phases is completed, is \$3,800,000. Both construction and operations and maintenance costs will be cost-shared 50-50 between the USACE and the SFWMD.

The Project Implementation Report for the IRLS Project, which described the restoration features in the recommended plan and the expected project benefits, as well as the terms and conditions of local sponsor cooperation, was approved by the Governing Phase in March 2004. Congress authorized implementation of the IRLS Project in the Water Resources Development Act of 2007. The Project Partnership Agreement for IRLS Phase 1 covers 8 of the 13 components included in the Project Implementation Report, including the following:

- C-44 reservoir
- C-44 stormwater treatment area east
- C-44 stormwater treatment area west
- C-23/C-24 north reservoir
- C-23/C-24 south reservoir
- C-23/C-24 stormwater treatment area
- C-25 reservoir
- C-25 stormwater treatment area

The Project Partnership Agreement for Phase 2 will include the remaining five project components and is scheduled for execution within the next three years, after the SFWMD completes the necessary steps to legally protect the water for the natural storage and treatment area components.

Construction of the IRLS Phase 1 components is expected to span at least 20 years, with construction of the C-44 reservoir and stormwater treatment area (STA)

components starting in early 2011. The USACE intends to advertise for the first construction contract for the C-44 reservoir and stormwater treatment areas in October 2010, award the contract in December 2010, and begin construction in January 2011. Construction of the C-44 reservoir and STAs is expected to be implemented in three separate contracts with construction completion in 2017.

According to the latest version of the USACE and SFWMD's Integrated Delivery Schedule, the remaining IRLS Phase 1 Project components are planned for construction starting sometime after 2020.

**How this helps meet the District's 10-Year Strategic Plan:** The Indian River Lagoon South Phase 1 Project is included in the CERP, which is a major component of the Strategic Plan.

**Funding Source:** Under a separate, but related Memorandum of Agreement with the USACE that will be presented to the Governing Board for approval in September 2010 (Contract No. 4600002156), the SFWMD will make a cash contribution to the USACE to fund construction of relocations along Citrus Boulevard. These relocations are part of the real estate responsibilities of the SFWMD under the Project Partnership Agreement, but SFWMD has requested that the USACE include construction of these features in its contract. The FY10 funding requirement for this effort will be approximately \$1.9 million. Subject to Governing Board approval, this funding will be transferred from the CERP managerial reserve in mid-September.

Any additional funding by the South Florida Water Management District for this Project Partnership Agreement, if determined necessary, would be subject to Governing Board approval of future fiscal year budgets.

**This Board item impacts what areas of the District, both resource areas and geography:** The restoration benefits of this project will primarily impact the St. Lucie Estuary and the Indian River Lagoon. Staff from the Everglades Restoration and Capital Projects Resource Area will manage the project, with significant participation by staff from the Operations and Maintenance Department.

**What concerns could this Board item raise?** Execution of this agreement will commit the SFWMD to providing a 50 percent cost-share for approximately \$1.1 billion worth of restoration. This commitment is tempered by the fact that SFWMD has already acquired all the lands needed for the C-44 Reservoir and STAs and most of the lands needed for the C-23/C-24 Reservoir and STAs.

Staff is working with the USACE to develop project sequencing and cash flow scenarios that will maximize the amount of CERP restoration that can be accomplished without a cash contribution from the SFWMD. This involves identifying projects with significant restoration benefits and for which the SFWMD already owns the lands needed. It will also involve identifying opportunities where the SFWMD can construct all or portions of CERP projects to help fulfill its 50 percent cost-share responsibilities. Through this coordinated sequencing effort, it should be possible to avoid a cash contribution to balance the 50-50 cost-share for at least the next six to eight years, and without any further SFWMD construction expenditures beyond those planned for C-111 Spreader Canal and Biscayne Bay Coastal Wetlands Projects. However, the Governing Board

should recognize that based on the overall CERP recommended plan, estimated to cost \$7.8 billion in 1999 dollars, real estate costs make up only about 25 percent of the total implementation cost. The remaining 75 percent are a combination of design and construction costs. Consequently, over the 30 to 40 years of CERP implementation, the SFWMD will be required to provide the other half of its 50 percent cost-share either by performing some of the construction (i.e., as in C-111 Spreader Canal and Biscayne Bay Coastal Wetlands projects) or by providing cash to fund the USACE construction efforts.

**Why should the Governing Board approve this item?** The Governing Board should approve this Agreement so that the USACE can initiate construction of the C-44 Reservoir and STAs to provide the additional storage needed to help protect and store the St. Lucie Estuary and Indian River Lagoon.

Attachment – Resolution  
KGA/pw